

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF ELECTRIC RATES OF)	
LOUISVILLE GAS AND ELECTRIC COMPANY TO)	CASE NO. 10320
IMPLEMENT A 25 PERCENT DISALLOWANCE OF)	
TRIMBLE COUNTY UNIT NO. 1)	

O R D E R

IT IS ORDERED that the Attorney General, Jefferson County, and the Metro Human Needs Alliance ("Joint Sponsors") shall file the original and 12 copies of the following information with the Commission with a copy to all parties of record no later than April 25, 1994. The Joint Sponsors shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested if a public hearing is scheduled.

1. At page 6 of his Direct Testimony, Thomas C. DeWard states that the net cost of LG&E's \$11,100,000 refund was \$6,812,617. Provide the workpapers, calculations, and assumptions used to determine this net cost amount.

2. At page 15, DeWard quotes the Texas Public Utility Commission relating to the Palo Verde ("Palo Verde") Nuclear Generating Station constructed by the El Paso Electric Company ("El Paso").

a. Did DeWard participate in Texas Public Utility Commission Docket No. 4620??

b. On what date did construction of Palo Verde begin?

c. Describe the circumstances surrounding the construction of Palo Verde by El Paso.

d. On what date was Finding of Fact No. 28 issued by the Texas Commission's hearing examiner?

e. At the time Finding of Fact No. 28 was issued by the Texas Commission's hearing examiner, describe the construction status of Palo Verde.

f. Was Finding of Fact No. 28 adopted by the Texas Commission in total? If the finding was modified in any way, provide the version issued by the Texas Commission and the date on which it was issued.

3. At page 5, David H. Kinloch testified that the first 25 percent of Construction Work in Progress ("CWIP") paid by LG&E's ratepayers should be returned to them. Provide references to authorities which support this position.

4. At pages 24 through 32, Kinloch outlines the position that ratepayers are entitled to the revenues associated with the disallowed portion of Trimble County Unit No. 1 ("Trimble") CWIP paid before May 20, 1988, and refers to this period as the "Big Window." Why is this period appropriate, even though the 25 percent disallowance was announced on July 1, 1988 in Case No. 9934¹?

5. In Exhibits DHK-3, DHK-5, DHK-6, and DHK-7, Kinloch appears to be using an interest factor based on LG&E's authorized

¹ Case No. 9934, A Formal Review of the Current Status of Trimble County Unit No. 1.

rate of return on capital. Why is this a reasonable interest rate, even though that rate of return has already been reflected in revenues associated with the CWIP paid on the disallowed 25 percent?

6. Recalculate Exhibits DHK-3, DHK-5, DHK-6, and DHK-7 using the yearly average 3-month commercial paper rate as the interest factor.

7. At page 5, Stefan H. Krieger testified that commissions and courts have allowed retroactive rate-making to reflect changes in accounting methodology, to remedy mistakes in rate orders, to account for extraordinary utility costs and gains, and to adjust for changes in fuel and other expenses. Explain how these factual situations are relevant to the issues in this proceeding.

8. At page 31, Krieger testified that the conservation efforts of LG&E's customers, resulting from the increased rates based on the inclusion of CWIP, reduced system load leading to disallowance of 25 percent from rate base.

a. Provide the basis for Krieger's statement, including his analysis of LG&E's system loads.

b. Describe the other factors which have or could have reduced LG&E's system load.

Done at Frankfort, Kentucky, this 11th day of April, 1994.

ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION

For the Commission